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Expert Insights on Pharmaceutical Economics and the Drug Distribution System

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THURSDAY, MAY 21, 2020

Why Do CVS And Express Scripts Rely on Secretive Private Companies to Run Their Copay Maximizer Programs?

In Copay Maximizers Are Displacing Accumulators—But CMS Ignores How Payers Leverage Patient Support, I explained a new Centers for Medicare and Medicaid Services (CMS) final rule regarding health plans' use of copay accumulator adjustment. I also highlighted why plans have responded to the negative patient impact from accumulators with copay maximizer programs.

However, maximizers are being implemented very differently from accumulators.

The two largest PBMs—CVS Health's Caremark and Cigna's Express Scripts—have each partnered with secretive and independent private companies to operate specialty drug maximizer programs for their plan sponsor clients. What's more, ***at least one of these private companies earns fees equal to 25% of the manufacturer's copay support program***.

These arrangements are very odd. Why do multi-billion-dollar public companies rely on these private companies to administer their maximizer programs? Why do these small companies deserve such outrageous fees? Why are beneficiaries required to affirmatively sign up with the companies—or face ludicrous costs that far exceed their plan's out-of-pocket maximums? Does any oversight exist for these arrangements?

Here's what I managed to uncover about these businesses. See what you think.

COPAY 201

Both accumulators and maximizers let payers extract the full value of the manufacturer's copay support. But there is a crucial difference in how these programs are being implemented.

PBMs typically offer accumulator solutions directly to their plan sponsor clients:

- Express Scripts has its Out of Pocket Protection Program.
- CVS Health's Caremark PBM provides its Specialty Copay Card Program.

A maximizer has an advantage over an accumulator, because it reduces or eliminates the patient's out-of-pocket obligations. However, PBMs provide maximizers only via partnerships with external businesses:

- Cigna's Express Scripts markets the SaveonSP program.
- CVS Health's Caremark markets the PrudentRx Copay Optimization Program.

Let's delve into the mysterious companies that have partnered with the PBMs.

SaveonSP

I first profiled the SaveonSP program offered via Express Scripts in Latest Express Scripts Data: Slow Drug Spending Growth—And Big Plan Savings from Manufacturer Copay Programs.

SaveonSP has elements of a copay maximizer program. For example, a patient's actual out-of-pocket drug costs are $0, so they never reach any annual deductible nor any out-of-pocket maximum based on these drugs. (The patients can still face a deductible, if their plan has one.)

However, SaveonSP differs in some important ways from a standard maximizer program.

With SaveonSP, a commercial plan sponsor declares specialty drugs to be "non-essential health benefits." Non-essential drugs are still covered by the plan, but they are not subject to the Affordable Care Act (ACA) Essential Health Benefit requirements and can be removed from the out-of-pocket maximums required by the ACA.

The patient's out-of-pocket costs are set equal to the maximum annual value of a manufacturer's copayment program. Thus, the copayment is not based on the list or net price of the drug. It is instead determined solely based upon the amount of manufacturer-

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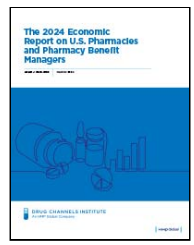

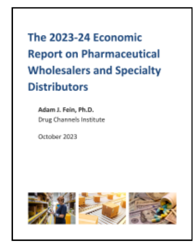

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funded copay assistance. For instance, a program with a total value of $20,000 in copayment support would require a patient to pay $20,000 annually for their drugs, *without regard to the plan's out-of-pocket maximums*.

To avoid these extraordinary costs, the beneficiaries must enroll separately in SaveonSP. They must also fill their prescriptions exclusively from Express Scripts' Accredo specialty pharmacy.

SaveonSP profits mightily from this scheme. According to minutes of the New Mexico Retiree Health Care Authority meeting (page 11), SaveonSP charges a 25% fee of the copayment support.

So, SaveonSP would earn $5,000 of a manufacturer's copayment support program that had a total value of $20,000?!? That's totally outrageous—and clearly not what the manufacturer's copay support program was designed to do.

Here are a few more fun facts about the company:

- "SAVE ON SP, LLC" was founded in 2015, according to New York state's Corporation & Business Entity Database.
- SaveonSP is not owned by Express Scripts. Who owns this company? I have no idea. As I noted in my February article, SaveonSP has an amazingly uninformative webpage. Check out saveonsp.com to see what I mean.
- From what I can determine, Express Scripts is SaveonSP's only client for its copay assistance solution. However, an Express Scripts spokesperson told me that SaveonSP also "does work for our mutual clients that is consultative in nature and outside of the scope of the PBM/payer relationship."

  That doesn't clarify why SaveonSP operates as a stand-alone business or how it avoids apparent conflicts when it consults with clients of its primary customers.

Very strange.

PrudentRx

Recently, CVS Health's Caremark launched the PrudentRx Copay Optimization Program. It has a maximizer-like design and appears to operate similarly to SaveonSP.

In its marketing materials, Caremark touts its "exclusive collaboration with PrudentRx." Caremark describes PrudentRx as a business with "over 30 years of experience in specialty pharmacy and copay card programs."

SaveonSP is a model of (relative) transparency compared with PrudentRx:

- Remarkably, this purportedly well-established business partner has a website that is "under construction." Check out PrudentRx.com. This site was set up within the past few days—shortly after I began asking CVS about the business. The website is so new that the domain name is still listed as being for sale for $4,825. (Seriously.)
- PrudentRX, LLC, is a Florida limited liability company that was registered in 2020. The founder of PrudentRx also owns Florida Rx Solutions, LLC, which was founded in 2008.
- The U.S. Patent and Trademark Office (PTO) shows that "PrudentRx" was registered as a Service Mark on April 21, 2020. The application reads: "PrudentRx provides co-pay program related services to plan sponsors that include guidance on plan benefit design for specialty products and assistance to members to secure available copay assistance for specialty drugs through the various patient assistance programs available to them."

  That sounds like the right business. However, the application states that PrudentRx was first used in commerce on January 27, 2020. Unless my math is wrong, that's less than 30 years ago.
- There are no current employees of PrudentRx on LinkedIn.

Did I find the wrong PrudentRx? If so, then I challenge any *Drug Channels* reader to direct me to the business partnered with CVS.

FWIW, a CVS Health spokesperson confirmed to me that "PrudentRx is not a subsidiary of CVS Health."

CLARIFICATION: According to my research, the PrudentRx that is currently affiliated with CVS Health is not the same as private company that was acquired by HMS in 2008.

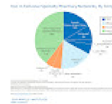
HUH?

I'm still trying to figure out what's going on with SaveonSP and PrudentRx.

- Why don't these PBMs directly operate the copay maximizer programs that classify most specialty drugs as "non-essential health benefits? For legal reasons? Do PrudentRx and SaveonSP somehow shield PBMs from liability or disclosure?
- Why do these intermediaries deserve to keep 25% of the money that a manufacturer has set aside for patient support?


Mapping the Vertical Integration of Insurers, PBMs, Specialty Pharmacies, and Providers: A May 2024 Update


The Top 15 Specialty Pharmacies of 2023: Market Shares and Revenues at the Biggest PBMs, Health Plans, and Independents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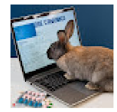
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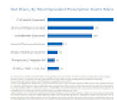
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- Why didn't CVS just launch its own program, rather than partner with a start-up business founded just a few months ago, in 2020? Why did Express Scripts partner with a company founded in 2015?

If there are logical and sensible answers to these questions, I haven't figured them out.

In the meantime, I'd welcome additional information on how these small, secretive companies are profiting by absorbing patient support funds from manufacturers.

Print Posted by Adam J. Fein, Ph.D. on Thursday, May 21, 2020 13 Comments
Labels: Benefit Design, Co-pay Offset Programs, Copay Accumulator Adjustment, Health Care Policy, PBMs, Specialty Drugs

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Medicare-Negotiated Drugs May Not Get Favorable Coverage In Part D: Will CMS Intervene? *The Pink Sheet*

Boehringer Ingelheim to cap asthma inhaler out-of-pocket costs at $35 *STAT*

Latest Formulary Exclusions from Top PBMs Demonstrate Issues in the Drug Pricing Landscape *First Report Managed Care*

Drug Channel Entities Are Undergoing Raft of Changes *Spotlight on Market Access*

CVS Removes Humira From Formulary — But the Fine Print Is Key *Radar on Drug Benefits*

CVS Plans to Overhaul How Much Drugs Cost *The Wall Street Journal*

Cigna-Humana Merger Is Likely to Face Antitrust Challenge *The Wall Street Journal*

Amazon Once Inspired Fear in the Health-Care Industry. No Longer *Bloomberg*

Why Your Neighborhood Pharmacy Isn't So Friendly Anymore *The Wall Street Journal*

Rite Aid Bankruptcy Follows Years of PBM Misadventure *Radar on Drug Benefits*

What CVS Stands to Gain by Setting Up Biosimilar Subsidiary Cordavis *MedCity News*

Ohio senator says Medicare drug cost negotiations will save money. Others aren't so sure *WSYX*

Drug Benefit Firms Devise New Fees That Go to Them, Not Clients *Bloomberg*

CVS Health Dives As Blue Shield Of California Taps Mark Cuban, Amazon In Challenge To PBM Model *Investor's Business Daily*

A Big Health Insurer Is Ripping Up the Playbook on Drug Pricing *The Wall Street Journal*

Patients already paying price for PBMs diverting copay cash meant for needy *ABC6*

PBMs Keep New Biosimilars on Equal Footing With Best-Selling Humira, *Radar on Drug Benefits*

Accumulators, Maximizers, Alternative Funding Models Contribute to 'Doom Loop of Specialty Drug Benefits' *AIS Health*

How to Beat the Rising Cost of Prescription Drugs *Consumer Reports*

Average salaries for retail pharmacists grows for first time in three years *MM+M*

Coherus works with Mark Cuban to sell biosimilar Humira at steep discounts *STAT*

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J **Jeff Sandlin**
4 years ago
Like COVID 19 this deserves more looking into the origin of this
0 0

A **Anonymous**
4 years ago
PrudentRX is owned by HMS https://www.hms.com/

Purchase September 2008.
0 0

Adam J. Fein Mod ➦ Anonymous
4 years ago
Different PrudentRx, as far as I know. I believe that business was shut down sometime after the HMS deal.
0 0

E **EL**
4 years ago
Loved today's piece, so have started poking around. Saw this job ad which suggests a close biz tie to ESRX, if Save On SP LLC isn't technically owned (Valeant/Philador again?).

https://www.disabledperson.com/jobs/17387296-sr-product-manager-saveonsp-copay-offset-program
0 0

Mason Tenaglia
4 years ago
is there a Pulitzer for bloggers? Adam -this is great detective work. Why does this make me think Phildor? Are there any obscure phrases from 18th century chess strategies in the disclosure documents?
0 0

J **Josiah Schomer, PharmD**
4 years ago
This is so suspicious. I'm not surprised though. Please blow the lid off of this and expose the corruption.

Love your column. Thanks for all you do.
0 0

Kevin Russell

The Healthcare World According to Fein *Managed Healthcare Executive*

Drug Middlemen Accused of Price Fixing by Ohio Attorney General *The Wall Street Journal*

Drugmakers push back on a clever tactic employers use to avoid paying for specialty medicines *STAT*

New Drug Channels Institute Study Analyzes Impact of Inflation Reduction Act on U.S. Prescription Market *PR Web*

The End of AbbVie's $200 Billion Monopoly Won't Sink the Stock *The Wall Street Journal*

U.S. Appeals Court Sides With Drugmakers on Discount Program *The Wall Street Journal*

Pharmacies Hit By Restrictions On 340B Drug Discounts *Inside Health Policy*

A Softbank-backed pharmacy startup is working to tackle a $300-billion-a-year prescription drug crisis *Fortune*

Tackling cancer while battling the insurance system *The Washington Post*

Industry Expert: Specialty Pharmacy Market Is at 'Inflection Point', *AIS Health*

'It is legal extortion': Diabetics pay steep price for insulin as rebates drive up costs *USA Today*

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Walmart's Q1 earnings and revenue beat estimates

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AstraZeneca's successor to Covid blockbuster Evusheld succeeds in Phase 3 trial

PR Newswire: Health Insurance
RRD Recognized for Exceptional Leadership in Employee Benefits

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SpringWorks kicks off 'Coping isn't Care' campaign ahead of potential new drug approval

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Datapoint: FDA Approves Pfizer's Hemophilia B Treatment

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Learnings From Their Earnings (Reports)

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ICYMI: Medicare "Delinking" Does Not Result In Savings, Increases Costs For Seniors And Taxpayers

Eye on FDA
FDA Adds New AdComm to Address Genetic Metabolic Diseases

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4 years ago

Great investigative reporting! Thank you!

0 0

P **Paul Cockrum**

4 years ago

Thank you, Adam. We appreciate your relentless pursuit of transparency & the truth.

0 0

A **AL** Paul Cockrum

4 years ago

Sounds like copay manipulation, patient steering and kickbacks=FWA

0 0

Jeremy

4 years ago

Thank you for diving into these shady practices. PBMs are out of control

0 0

Sonali Prusty

4 years ago

Prudent is mentioned as California based company which provides audit programs, program design/benefit management, and general and pharmacy systems consulting. services.https://www.crunchbase.com/organiza...

0 0

Adam J. Fein Mod Sonali Prusty

4 years ago

As I note in a response above, I believe that is a different PrudentRx. I added a clarification to the original article.

0 0

Mr. Slacktastic

4 years ago

You check that SaveOnSP address in NY for former registered companies? That'll get you to who runs the company, you dig down and you can see their relationships. I lost most of my notes I had when I researched them a year or two ago. You can find a lot of public records of them selling to teacher and other unions and explaining how this "helps" the patient by reducing their copay to zero. If you search for #SaveOnSP on twitter you'll see me complain about them. I call these companies "copay drainers" for the last year. Their full intent is to grab the maximum copay assistance dollars available and maybe shutdown a program or two. At least that's my purely uneducated speculation. ;)

0 0

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